



*Handbook for
Electronic Filers of
Individual Income Tax Returns*

Tax Year 2005

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WHAT'S NEW FOR 2005?

New form 44. This form has been added to accommodate most of the credits that were on the form 40 and 43 returns.

State reject codes added. Idaho will reject the state return if the formatting of the data does not allow accurate processing of the return. If this occurs, the state will notify you that your return has been rejected and provide the reason. When the return has been corrected, it may be retransmitted. You may need to contact your software provider or download updated software from them for some reject corrections.

ERO Information

Credit for taxes paid to another state. Idaho allows you to take this credit on your tax return. Since the transmittal will not accept multiple state returns, the ERO must keep a copy of the other states return in case you are asked to submit a copy for credit verification.

When instructions ask you to attach additional information or descriptions, please add the requested information to the miscellaneous statement record in your software package.

If you are filing for a taxpayer who is 62 or older or a disabled veteran who does not meet the filing requirement but has withholding, please use the miscellaneous statement to provide the date of birth or disabled veteran status.

Idaho supports the filing of multiple schedules, such as 49 and CG. Your software provider may not support these multiple filings.

CONTACT INFORMATION

Taxpayers, Preparers, Transmitters, and EROs

Robin Allen, Help Desk (208) 334-7783
Rallen@tax.idaho.gov

Preparers, Transmitters, and EROs

Dawn Glazier, Electronic Filing Coordinator (208) 334-7822
Dglazier@tax.idaho.gov

Software Developers

Steve Thimsen, Technical Support (208) 334-7569
Sthimsen@tax.idaho.gov

Tax Information and Forms

Toll Free (800) 972-7660
Boise Area (208) 334-7660

**IDAHO E-FILE CALENDAR
FOR TAX YEAR 2005**

PATS testing begins November 9, 2005

Begin transmitting returns to IRS/IDAHO January 13, 2006

Last date for timely filed return April 17, 2006

Last date for retransmitting rejected returns April 20, 2006

Last date for filing timely extension returns October 16, 2006

Last date for retransmitting timely extension returns October 20, 2006

NOTE: Idaho follows the IRS E-File calendar.

INTRODUCTION

The Idaho State Tax Commission, with the Internal Revenue Service (IRS), provides electronic filing of federal and state income tax returns. Federal/State e-file provides one-stop electronic filing of returns in a single transmission.

This handbook expands on IRS Publication 1345. All specifications, requirements, and instructions defined in Publication 1345 apply to the Idaho Federal/State electronic filing program unless otherwise stated.

The Idaho State Tax Commission accepts electronically transmitted individual income tax refunds, zero balance, tax due, and direct deposit returns.

PUBLICATIONS

Idaho State Tax Commission

- Idaho State Handbook for Electronic Filers of Individual Income Tax Returns. (STC-ELF-01)
- Idaho Electronic Filing System. Information for Software Developers. (STC-ELF-02)
- Idaho Electronic Filing Test Package. (STC-ELF-03)

Internal Revenue Service

- Publication 1345, Handbook for Electronic Filers of Individual Income Tax Returns.
- Publication 1346, Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns.
- Publication 1436, Test Package for Electronic Filing of Individual Income Tax Returns.

APPLICATION PROCESS

To participate in the Federal/State Electronic Filing Program:

If you are an out-of-state ERO, you do not have to apply with Idaho to electronically file returns as long as the IRS accepts you.

If you are an Idaho ERO and would like to be listed on our Web site as an ERO, you must send us the following information:

Business Name
Mailing Address

If you are an ERO in Idaho already registered with the Idaho State Tax Commission and you have had no change, you need not reapply.

IRS publication 1345 defines the application process and requirements for federal participation. The IRS definitions of various electronic filer categories (Electronic Return Originator, Transmitters, Software Developer, etc.) also apply for Idaho electronic filing.

FEDERAL/STATE ELECTRONIC FILING PROCESS HOW FEDERAL/STATE FILING WORKS

Idaho returns included in the Federal/State Electronic Filing Program will be transmitted to the IRS Service Center, along with the federal return. All Idaho returns must include a corresponding federal return in the unformatted records.

Once the IRS has notified the ERO, Idaho can retrieve within 24 hours. Idaho will not receive any state data from a rejected federal return.

NOTE: The IRS acknowledges only that it received the state data. The IRS acknowledgment is not an indication that Idaho has “received” your state return. You must receive the Idaho acknowledgment to be assured your state return has been received.

Contact Idaho if you receive the federal acknowledgment, but no state acknowledgment.

The Idaho acknowledgment system is designed to inform transmitters that the Idaho return has been retrieved and the return is being processed by Idaho. When Idaho receives the return from the IRS, it will generate an acknowledgment record and post the record for retrieval by transmitters.

Taxpayers can expect to have their refund check mailed or deposited within two weeks from the date of acknowledgment from the Idaho State Tax Commission.

This timing depends on the following:

The return contains no errors

The taxpayer owes no debts that may be offset to other state or federal agencies

Correct bank numbers and account numbers, if requesting direct deposit

ACCEPTANCE PROCESS

EFIN and ETIN

The Internal Revenue Service assigns the EFIN (Electronic Filing Identification Number) and ETIN (Electronic Transmitter Identification Number). The Idaho State Tax Commission will use these same numbers in the Federal/State Electronic Filing Program.

These numbers will be used in the Acknowledgment System to identify preparers and transmitters.

IDAHO TEST DATA

All participants are required to follow the Internal Revenue Service testing procedures for acceptance into the program.

Only software developers are required to test their software with Idaho. Participants must transmit live return data using only Idaho-accepted Federal/State Electronic Filing software.

STATE ONLY/AMENDED FILING

Idaho does support filing of “state-only and amended” returns through the Federal/State Electronic Filing system. A state-only or amended return would be produced through software to build a complete state packet with a “dummy” federal return. The dummy federal return would allow the data to pass through the Federal/State system. All W-2 and 1099 information would be included.

IDAHO forms available for electronic filing

FORM 39R.....	Resident Schedule
FORM 39NR.....	Nonresident Schedule
FORM 40	Idaho Long Form
FORM 43	Part Year/Nonresident
FORM 44.....	Idaho Business Income Tax Credits and Credit Recapture
FORM CG.....	Capital Gains
FORM 49	Investment Tax Credit
FORM 49C.....	Idaho Investment Tax Credit Carryover
FORM 49R.....	Recapture of Idaho Investment Tax Credit
FORM 49E.....	Idaho election to claim the Qualified Investment Exemption from Property Tax in lieu of Investment tax Credit
FORM 55	Credit for Qualifying New Employees
FORM 56	Idaho Net Operating Loss
FORM 67	Credit for Idaho Research Activities
FORM 68	Idaho Broadband Equipment Investment Credit
FORM 68R	Recapture of Idaho Broadband Equipment Investment Credit
FORM 69	Idaho Incentive Investment Tax Credit
FORM 69R.....	Recapture of Idaho Investment Tax Credit
FORM 75	Idaho Fuels Use Report
Miscellaneous Statements.....	Amended Description
FORMS W-2 and 1099R	Withholding and Distributions

Supporting federal returns and schedules **are required for all electronic returns.**

EXCLUSIONS FROM ELECTRONIC FILING

In addition to the returns listed in Publication 1345 as excluded from federal electronic filing for the 2005 tax filing period, the following documents will not be acceptable for electronic filing on the 2005 Idaho return:

Prior year returns
Non-calendar year filers

TRANSMITTING THE IDAHO ELECTRONIC RETURN

Since the Idaho electronic return will be transmitted with the federal return, the transmitter must follow all electronic transmitting procedures, communication requirements, and technical specifications required by the Internal Revenue Service, as defined in *Publication 1345*.

Participants in the Federal/State Electronic Filing Program must confirm with their software developer or direct transmitter that the software is capable of processing and transmitting the state data along with the federal data to the Fresno Service Center.

IDAHO ACKNOWLEDGEMENT

Idaho participates in the combined Federal/State E-File acknowledgment program.

State acknowledgments will be transmitted by Idaho to the IRS through the EMS (Electronic Management System). Transmitters will be able to retrieve state acknowledgments in the same way as federal acknowledgments are retrieved.

Starting this year, Idaho will reject the state return if the transmitted data is improperly formatted and the return cannot be processed. If this occurs, the state will inform you that your return was rejected and the reason why. When the return is corrected, it may be retransmitted as a State-Only return. Be sure to confirm that your software package supports State-Only transmissions. If the electronically filed Idaho return cannot be re-transmitted, the ERO must submit a paper tax return to the Idaho State Tax Commission.

Idaho acknowledgment types:

Accepted – This acknowledgment indicates the electronic return was received and successfully completed the pre-entry validation process.

Rejected – This acknowledgement indicates the electronic return was received and failed to successfully complete the pre-entry validation process. The acknowledgement will contain a code indicating the error causing the rejection.

NON RECEIPT OF IDAHO ACKNOWLEDGMENT RECORD

In all instances, ensure you have received an IRS acknowledgment record and the federal tax return was accepted and contained an Idaho state return before contacting the Idaho State Tax Commission.

Contact the Idaho State Tax Commission if:

1. Idaho acknowledgment records were received for some, but not all, returns filed on the same day.
2. IRS acknowledgment records were received more than two working days ago and no Idaho acknowledgment records have been received for the same tax returns.
3. Acknowledgment records have been received for a transmission day that follows a day that no records were received, for example, acknowledgment records for Wednesday, but not for Tuesday.

Whom to contact:

To check on the status of an Idaho acknowledgment record, call (208) 334-7783. Please have the following information available when making the call:

Electronic Filer ID Number (EFIN)
Primary SSN
Transmission Date
Contact Name and Phone number

RESPONSIBILITIES OF ELECTRONIC FILERS, TRANSMITTERS, EROS

Electronic Filers, Transmitters, and Electronic Return Originators must abide by the terms set forth in the Idaho State Handbook and must maintain a high degree of integrity, compliance, and accuracy in order to continue to participate in the Federal/State Electronic Filing Program, as well as abide by the following requirements:

COMPLIANCE

All electronic filers must comply with the requirements and specifications in the Internal Revenue Service *Publications 1345 and 1346, The Idaho State Handbook*, and the Idaho Software Specifications.

TIMELINESS OF FILING

Transmitters must ensure that electronic returns are filed in a timely manner. The date of the Internal Revenue Service acknowledgment will be considered the filing date for an Idaho return transmitted electronically.

Transmitters should confirm acknowledgment of the state return by the Idaho State Tax Commission.

DEADLINE FOR FILING

The Idaho State Tax Commission will accept electronically filed Idaho returns that have been submitted for transmission to the Internal Revenue Service, Fresno Service Center through October 16, 2006. The last date for transmitting rejected returns is October 20, 2006.

RESPONSIBILITY TO YOUR CLIENTS

Preparers have been entrusted with the task of filing a client's tax return and must assume the responsibility of ensuring that the return arrives at the Idaho State Tax Commission.

CHANGES ON THE RETURN

If the transmitter or taxpayer wishes to make any changes after the return has been accepted and acknowledged, an amended return with corrected changes can be filed electronically, if your software offers this option.

If your software does not offer this feature, the taxpayer must file a corrected return on paper. Idaho returns must be mailed to the following address:

IDAHO STATE TAX COMMISSION
PO BOX 56
BOISE ID 83756-0056

HANDLING PROBLEMS

For help with problems relating to the electronically filed state, return. TAXPAYERS, PREPARERS, TRANSMITTERS and EROs *ONLY* may call (208) 334-7783.

POSTAL ADDRESS STANDARDS

RULES

Upper case letters preferred but not required.

Punctuation should be omitted except the hyphen in the zip code.

Directional information should be abbreviated.

Should Be:

234 NW SMITH ST

678 MAIN DR S

101 N BAY LN

599 BAY BLVD SW

127 N 12TH ST

Postal Box:

PO BOX 213

Rural Route Addresses:

RR 2 BOX 152
RFD and RD = RR

Not:

234 NORTHWEST SMITH STREET
234 NW SMITH STREET

678 MAIN DRIVE SOUTH

101 NORTH BAY LANE

599 BAY BOULEVARD SOUTHWEST

127 NORTH 12TH
127 N 12TH STREET

Not:

P O BOX 213
BOX 213

Not:

RT 2 BOX 152

Common Abbreviations

APARTMENT
BUILDING
FLOOR

APT
BLDG
FL

DEPARTMENT
SUITE
ROOM

DEPT
STE
RM

2005 e-file reject codes.xls

2005 IDAHO REJECT CODES		
Error Code	Error Message	
0001	Duplicate Return	
0002	Missing Federal Return	
0010	Form 40: Additions (line 10) and/or Subtractions (line 12) are present and Sch 39R does not exist.	
0020	Form 40: Itemized deductions (line 15) and Federal Sch A does not exist.	
0030	Form 40: State Tax Addback (line 16) and Federal Sch A does not exist.	
0040	Form 40: Cr for Income Tax Paid to Other States (line 24) is present and Sch 39R does not exist.	
0050	Form 40: Total Business Credits (line 27) is present and Form 44 does not exist.	
0060	Form 40: Fuels Tax Due (line 30) is present and Form 75 does not exist.	
0070	Form 40: Total Tax from Recapture (line 32) is present.	
0080	Form 40: Tax from Recapture QIE (line 33) is present.	
0090	Form 40: Old Age Home Credit (line 42) is present and Sch 39R does not exist.	
0100	Form 40: Fuels Refund (line 43) is present and Form 75 does not exist.	
0110	Form 40: Idaho Withholding (line 44) is present and W2 or 1099 does not exist.	
0200	Form 43: Wages (line 9) is present and W2 or 1099 does not exist.	
0210	Form 43: Business Income (line 13) is present and Federal Sch C or CEZ does not exist.	
0220	Form 43: Other Gains (line 15) is present and Federal Form 4997 does not exist.	
0230	Form 43: Rents (line 18) is present and Federal Sch E does not exist.	
0240	Form 43: Farm Income (line 19) is present and Federal Sch F does not exist.	
0250	Form 43: Additions (Column B line 31) is present and Sch 39NR does not exist.	
0260	Form 43: Subtractions (Column B line 33) is present and Sch 39NR does not exist.	
0270	Form 43: Itemized deductions (line 36) and Federal Sch A does not exist.	
0280	Form 43: State Tax Addback (line 37) and Federal Sch A does not exist.	
0290	Form 43: Cr for Income Tax Paid to Other States (line 46) is present and Sch 39NR does not exist.	
0300	Form 43: Total Business Credits (line 49) is present and Form 44 does not exist.	
0310	Form 43: Fuels Tax Due (line 51) is present and Form 75 does not exist.	
0320	Form 43: Total Tax from Recapture (line 53) is present and Form 44 does not exist.	
0330	Form 43: Tax from Recapture QIE (line 54) is present	
0340	Form 43: Old Age Home Credit (line 62) is present and no Sch 39NR does not exist.	
0350	Form 43: Fuels Refund (line 63) is present and Form 75 does not exist.	
0360	Form 43: Idaho Withholding (line 64) is present and no W2 or 1099 does not exist.	
0500	Sch 39R: Idaho Capital Gains Deduction (line 10) is present and Form CG does not exist.	

2005 e-file reject codes.xls

0510	Sch 39NR: Idaho Capital Gains Deduction (Part B, Column B, line 6) is present and Form CG does not exist.	
0600	Form 44: Investment tax credit (Part 1, line 1) is present and Form 49 does not exist	
0610	Form 44: Credit for qualifying new employees (Part I, line 4) is present and Form 55 does not exist	
0620	Form 44: Credit for Idaho research activities (Part 1, line 5) is present and Form 67 does not exist.	
0630	Form 44: Broadband equipment investment credit (Part 1, line 6) is present and Form 68 does not exist.	
0640	Form 44: Incentive investment tax credit (Part 1, line 7) is present and Form 69 does not exist.	
0650	Form 44: Corporate headquarters investment tax credit (Part 1, line 8) is present.	
0660	Form 44: Corporate headquarters real property tax credit (Part 1, line 9) is present.	
0670	Form 44: Corporate headquarters new jobs tax credit (Part 1, line 10) is present.	
0680	Form 44: Small employer investment tax credit (Part 1, line 11) is present.	
0690	Form 44: Small employer real property tax credit (Part 1, line 12) is present.	
0700	Form 44: Small employer new jobs tax credit (Part 1, line 13) is present.	
0710	Form 44: Tax from recapture of Investment tax credit (Part 2, line 1) is present and Form 49R does not exist.	
0720	Form 44: Tax from recapture of Broadband equipment investment tax credit (Part 2, line 2) is present and Form 68R does not exist.	
0730	Form 44: Tax from recapture of Incentive investment tax credit (Part 2, line 3) is present and Form 69R does not exist.	
0740	Form 44: Tax from recapture of Corporate headquarters investment tax credit (Part 2, line 4) is present.	
0750	Form 44: Tax from recapture of Corporate headquarters real property tax credit (Part 2, line 5) is present.	
0760	Form 44: Tax from recapture of Corporate headquarters new jobs tax credit (Part 2, line 6) is present.	
0770	Form 44: Tax from recapture of Small employer investment tax credit (Part 2, line 7) is present.	
0780	Form 44: Tax from recapture of Small employer real property tax credit (Part 2, line 8) is present.	
0790	Form 44: Tax from recapture of Small employer new jobs tax credit (Part 2, line 9) is present.	

FOR NEW IDAHO APPLICANTS ONLY

(If you are outside of Idaho, and are already accepted to file with the IRS, you are automatically approved to file with Idaho.)

Date_____

Dear Ms Bray:

Please list me on your Web site as an Idaho ERO.

*Name:*_____

*Business Name or DBA:*_____

*Address:*_____

*Phone Number:*_____

*Software Name:*_____

*Transmitter Name (third party):*_____

_____ *I am currently an accepted electronic filer with the Internal Revenue Service.*

My EFIN is _____. *(A copy of my acceptance letter is attached.)*

_____ I have applied to participate in the Internal Revenue Service's Electronic Filing Program. I have not been accepted and/or do not have an EFIN/ETIN at this time. I will provide this, as well as a copy of my acceptance letter when I receive it. (A copy of my application is attached.)

When you have completed the application, mail to the following address, fax or send by e-mail:

*Idaho State Tax Commission
Attn: Linda Bray
PO Box 36
Boise ID 83722*

*Fax: 208-334-7650
lbray@tax.idaho.gov*

Thank you,